1317-S.E AMS NR S2896.2

ESHB 1317 - S COMM AMD

By Committee on Natural Resources, Energy & Water

- 1 Strike everything after the enacting clause and insert the 2 following:
- 3 "NEW SECTION. Sec. 1. The legislature finds that the trust water 4 rights program is an important tool in meeting the state's current and future needs for water, both instream and out-of-stream. However, the 5 6 legislature finds that the existing procedures for establishing trust 7 water rights are unnecessarily complex, and are difficult to explain 8 and administer. Further, the legislature finds that groups currently 9 developing local watershed plans and regional water management programs are seeking an effective means to facilitate multiple, voluntary 10 11 transfers of existing water rights to address presently unmet needs and 12 future needs.
- 13 It is the intent of this act to enhance the effectiveness of the 14 trust water rights program by improving existing incentives, removing 15 disincentives, and clarifying and consolidating procedures for 16 establishing trust water rights.
- 17 **Sec. 2.** RCW 90.42.005 and 1991 c 347 s 1 are each amended to read 18 as follows:
- (1) It is the policy of the state of Washington to recognize and preserve water rights in accordance with RCW 90.03.010 and the beneficial uses of water described in RCW 90.54.020(1).
 - (2) The legislature finds that:

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- (a) The state of Washington is faced with a shortage of water with which to meet existing and future needs, particularly during the summer and fall months and in dry years when the demand is greatest;
- (b) Consistent with RCW 90.54.180, conservation and water use efficiency programs, ((including)) storage, and water right transfers should be the preferred methods ((of addressing water uses because they can relieve)) to address current critical water situations, provide for

- 1 presently unmet needs, and assist in meeting future water needs.
- 2 Presently unmet needs or current needs includes the water required to
- 3 increase the frequency of occurrence of base or minimum flow levels in
- 4 streams of the state, the water necessary to satisfy existing water
- 5 rights, or the water necessary to provide full supplies to existing
- 6 water systems with current supply deficiencies, or as otherwise needed
- 7 to meet the needs of growing communities for adequate and reliable
- 8 water supplies, and to provide the water necessary to satisfy existing
- 9 water rights for other beneficial uses listed in RCW 90.54.020(1);
- 10 ((and))
- 11 (c) The interests of the state will be served by developing
- 12 programs and regional water resource plans, in cooperation with local
- 13 governments, federally recognized tribal governments, appropriate
- 14 federal agencies, private citizens, and the various water users and
- 15 water interests in the state, that increase the overall ability to
- 16 manage the state's waters in order to resolve conflicts and to better
- 17 satisfy both present and future needs for water, both instream and
- 18 <u>out-of-stream;</u>
- 19 <u>(d) A state trust water rights program is an effective means to</u>
- 20 <u>facilitate the voluntary transfer of water and water rights</u>,
- 21 <u>established through conservation</u>, <u>purchase</u>, <u>lease</u>, <u>or donation</u>, <u>to</u>
- 22 <u>secure and preserve water rights and provide water for presently unmet</u>
- 23 <u>needs and emerging needs; and</u>
- (e) The trust water rights program improves the ability of the
- 25 state to work with the United States and the various water users in the
- 26 ongoing program to satisfy both existing rights and other presently
- 27 <u>unmet as well as future needs of the Yakima basin, through improvements</u>
- 28 to the existing federal water project in the Yakima river basin,
- 29 <u>authorized under P.L. 96-162</u>.
- 30 Sec. 3. RCW 90.42.020 and 1991 c 347 s 6 are each amended to read
- 31 as follows:
- 32 ((Unless the context clearly requires otherwise,)) The definitions
- 33 in this section apply throughout this chapter <u>unless the context</u>
- 34 <u>clearly requires otherwise</u>.
- 35 (1) "Department" means the department of ecology.

1 (2) "Impairment" means detriment or injury to existing rights as 2 that phrase is used in RCW 90.03.380(1).

- (3) "Net water savings" means the amount of water that is determined to be conserved and usable within or from a specified ((stream reach or reaches)) surface or ground water body for other purposes without impairment ((or detriment)) to water rights existing at the time that a water conservation project is ((undertaken, reducing the ability to deliver water, or reducing the supply of water that otherwise would have been available to other existing water uses)) funded.
- $((\frac{3}{)})$ $(\frac{4}{)}$ "Trust water right" means any <u>existing</u> water right $(\frac{acquired}{acquired})$ transferred to or <u>managed</u> by the state under this chapter $(\frac{acquired}{acquired})$ and the state's trust water rights program.
- 14 (((4) "Pilot planning areas" means the geographic areas designated 15 under RCW 90.54.045(2).
- (5) "Water conservation project" means any project or program that
 achieves physical or operational improvements that provide for
 increased water use efficiency in existing systems of diversion,
 conveyance, application, or use of water under water rights existing on
 July 28, 1991.))
- NEW SECTION. Sec. 4. A new section is added to chapter 90.42 RCW to read as follows:
 - (1) All trust water established by the state must be placed in the state trust water rights program to be held in trust by the department. Trust water rights established by the state must be held or authorized for use by the department for any beneficial use described in RCW 90.54.020(1). Trust water rights may also be established for the protection of water rights secured for mitigation purposes and for preservation of water rights for future needs.
 - (2) Trust water rights may only be established from existing water rights, including rights to divert or withdraw water under existing certificates, claims, and permits, and rights to storage and use of stored water from existing reservoir and secondary use rights, or other appropriate means other than by condemnation.
- 35 (3) Trust water rights must be administered by the department. 36 Each trust water right must be administered in strict accordance with

the terms under which the trust water right was established, including any agreement between the parties executed at the time the trust water right was established, or as subsequently modified by mutual agreement of the parties. For example, a trust water right established by the state expressly conditioned to limit its use to instream flows must be managed as a trust water right in compliance with that condition.

- (4) To the extent practicable and subject to legislative appropriation, trust water rights established in a watershed with an approved watershed plan developed under chapter 90.82 RCW must be used in a manner consistent with that plan.
- (5) The department may make arrangements, including entry into contracts with other persons or entities as appropriate, to ensure that trust water rights established in accordance with this chapter can be exercised to the fullest possible extent consistent with applicable state laws.
- (6) The department shall cooperate fully with the United States in the implementation of this chapter. Trust water rights may be established through expenditure of funds provided by the United States and must be treated in the same manner as trust water rights established as a result of the expenditure of state funds.
- (7) All trust water rights must be managed to ensure that attributes of each water right, such as its priority date, status as a certificate, permit, or claim, names or numbers used to identify the water right, and previously authorized uses remain distinct for each water right established as a trust water right.
- NEW SECTION. Sec. 5. A new section is added to chapter 90.42 RCW to read as follows:
 - (1) A trust water right may be established on a temporary or permanent basis. To establish a permanent trust water right, the water right must be conveyed to the state of Washington. A water right transferred to the trust water program on a temporary basis may not be conveyed to the state of Washington and remains the property of the water right holder while managed by the department in the trust water program consistent with the terms of any agreement between the water right holder and the department.

(2) All or a portion of a water right perfected through actual beneficial use or an unperfected water right in good standing can be established as a trust water right. Once established by the state, such a right is a trust water right.

- (3) The department shall develop forms for use in the establishment of trust water rights to gather information pertaining to the water right including, but not limited to, the existing purpose, place of use, and point of diversion or withdrawal of the right, extent of water use under the right, and the use or uses proposed for the right as a trust water right.
- (4) Except as provided in RCW 90.03.380(4) and 90.44.100(5), the provisions of RCW 90.03.380 and 90.44.100 apply to trust water right transfers under this chapter.
- (5) Acceptance of an existing right as a temporary trust water right under this chapter does not constitute a determination of the validity and extent of an existing water right.
- (6) If the holder of a right to water from a body of water chooses to donate all or a portion of the person's water right to the trust water program to assist in providing instream flows on a temporary or permanent basis, the department shall accept the donation on such terms as the person may prescribe as long as the donation satisfies the applicable requirements of this chapter, and the terms prescribed are relevant and material to protecting any interest in the water right retained by the donor. Once accepted, such rights are trust water rights within the conditions prescribed by the donor.
- (7) The department shall establish expedited notice provisions to provide notice and opportunity for comment on proposals to establish trust water rights during a formally declared drought.
- (8)(a) The quantity of water that may be approved for transfer to the trust water program represents the extent to which water use under the original right is reduced or foregone under the trust transfer, resulting in a net benefit to the water body as a result of establishing the trust water right, and resulting from:
- (i) Reduced diversion or withdrawal of water under the original right as a result of a water conservation project;
 - (ii) A reduction in the number of acres irrigated under the right,

or a long-term change in the type of crop grown that will require less water;

- (iii) A reduction in the period of use of the right, on a seasonal basis, during periods of low stream flows, or according to conditions prescribed for the trust water right;
 - (iv) The elimination of water use under the original right;
- (v) A downstream change in point of diversion of a water right that results in increased flows in the reach of the stream affected by the change;
- (vi) The temporary or permanent use of different source of supply to meet all or a portion of the water needs under the original right; or
- 13 (vii) Other appropriate changes in activities under the original 14 right, as agreed to between the water right holder and the department.
 - (b) Where the state establishes a trust water right from a portion of an existing water right, only the portion of the right to be placed in the trust water rights program is subject to the provisions of this chapter. In the case of a trust transfer, the quantity of the trust water right and the water right remaining with the water right holder is reflected in the superseding document issued to the water right holder by the department, and the superseding document issued by the department must be conditioned to ensure that the reduced water use is achieved.
 - (9) Where the department provides funding for a water conservation project as a means of establishing a trust water right, a trust water right must be established for the period of time during which the conservation project is in effect. For example, a conservation project with a functional life of fifteen years would result in a trust transfer of fifteen years. Before the expenditure of state funds for a water conservation project, the state and the water right holder shall agree on the terms and duration of the trust water transfer as a result of a conservation project.
- NEW SECTION. Sec. 6. A new section is added to chapter 90.42 RCW to read as follows:
- 35 (1) Except as provided in subsection (2) of this section, a

temporary trust water right is established after the following actions
ccur:

- (a) The water right holder provides written notice to the department of their intention to establish a temporary trust water right;
- (b) The water right holder publishes a legal notice prescribed by the department describing the temporary trust transfer and other details deemed necessary by the department. The legal notice must state that a water right holder wishing to assert a claim of impairment of their water right may do so by filing the claim with the department, and shall specify the deadline for doing so. The legal notice must be published once a week for two consecutive weeks in a newspaper of general circulation in the area in which the temporary trust water right would be established; and
- (c) Within thirty days of the last date of publication of the legal notice, no claims of impairment are filed with the department relating to the proposed temporary trust water right. If any claims of impairment are filed with the department, the department shall make a determination regarding the impairment claim or claims and shall issue its determination in writing, stating either that it finds that there will be impairment (a "finding of impairment") or that it finds there will not be impairment (a "finding of no impairment"). The department's written determination may be appealed to the pollution control hearings board as provided in chapter 43.21B RCW or other applicable law.
- (2) Notwithstanding the provisions of subsection (1) of this section, a temporary trust water right may be established by a superior court conducting a water rights adjudication under chapter 90.03 RCW.
- (3) Upon the expiration of the period of time for which a temporary trust water right is established, the full perfected and unperfected quantities of water established as a temporary trust water right revert to the water right holder, with the priority date of the original water right.
- NEW SECTION. Sec. 7. A new section is added to chapter 90.42 RCW to read as follows:

(1)(a) After notice and consideration of comments received, the department shall issue a final decision regarding the establishment of a permanent trust water right.

- (b) The department shall provide copies of its final decision to the applicant and to any person or entity who provided comments on the proposed permanent trust water right transfer. The department's final decision on establishment of a permanent trust water right is appealable to the pollution control hearings board under RCW 43.21B.230 or other applicable law.
- (2) The department shall issue a certificate of change or transfer as required under RCW 90.03.380(1) for any water right established as a permanent trust water right and order approving a trust water right transfer. Certificates of change or transfer issued under RCW 90.03.380 must be filed and made a record with the department of ecology, and a duplicate certificate must be issued to the applicant, which may be filed with the appropriate county auditor in like manner and with the same effect as provided in the original authorization to divert water.
- (3) The department may require a final investigation prior to issuing a superseding certificate for water rights for which the department has issued a certificate of change or transfer under this section and under RCW 90.03.380(1), and shall issue a superseding certificate for such water right only when and to the extent water has been applied to actual beneficial use as described in the certificate of change or transfer issued under RCW 90.03.380(1).
- (4) Where only a portion of an existing right is established as a permanent trust water right, the department shall issue a superseding certificate or permit to the original water right holder or, with respect to water claims, issue a superseding certificate or permit only for the perfected portion of a claim as demonstrated through actual beneficial use of water. The superseding document must indicate the quantity of water remaining with the original right holder.
- 33 <u>NEW SECTION.</u> **Sec. 8.** A new section is added to chapter 90.42 RCW to read as follows:
- No state funds may be expended to establish trust water rights by the state under this chapter unless specifically appropriated for this

- 1 purpose by the legislature. Prior to expending state or federal funds
- 2 for a trust water right, the department shall exercise appropriate due
- 3 diligence, as practiced by other water right purchasers, to ensure the
- 4 validity of the water right or portion thereof for which the funds will
- 5 be expended.
- 6 <u>NEW SECTION.</u> **Sec. 9.** A new section is added to chapter 90.42 RCW 7 to read as follows:
- 8 A water right conveyed to the trust water right program as a
- 9 donation that is expressly conditioned to limit its use to instream
- 10 purposes must be managed by the department for public purposes to
- 11 ensure that it qualifies as a donation that is deductible for federal
- 12 income taxation purposes for the person or entity conveying the water
- 13 right.
- 14 <u>NEW SECTION.</u> **Sec. 10.** A new section is added to chapter 90.42 RCW
- 15 to read as follows:
- The water right relinquishment provisions of RCW 90.14.130 through
- 17 90.14.230 do not apply to trust water rights as of the date the trust
- 18 water right is established.
- 19 <u>NEW SECTION.</u> **Sec. 11.** A new section is added to chapter 90.42 RCW
- 20 to read as follows:
- Nothing in this chapter authorizes the impairment of, or operates
- 22 to impair, any existing water rights.
- NEW SECTION. Sec. 12. A new section is added to chapter 90.42 RCW
- 24 to read as follows:
- 25 (1) When water is proposed to be provided to the department as a
- 26 trust water right by an irrigation district, evidence of the district's
- 27 authority to represent the water right holders must be submitted to,
- and for the satisfaction of, the department.
- 29 (2) The department may not establish a trust water right from an
- 30 individual's water right under this chapter that is appurtenant to land
- 31 lying within an irrigation district without the approval of the board
- 32 of directors of the irrigation district.

1 **Sec. 13.** RCW 90.03.380 and 2001 c 237 s 5 are each amended to read 2 as follows:

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(1) The right to the use of water which has been applied to a beneficial use in the state shall be and remain appurtenant to the land or place upon which the same is used: PROVIDED, HOWEVER, That the right may be transferred to another or to others and become appurtenant to any other land or place of use without loss of priority of right theretofore established if such change can be made without detriment or injury to existing rights. The point of diversion of water for beneficial use or the purpose of use may be changed, if such change can be made without detriment or injury to existing rights. A change in the place of use, point of diversion, and/or purpose of use of a water right to enable irrigation of additional acreage or the addition of new uses may be permitted if such change results in no increase in the annual consumptive quantity of water used under the water right. For purposes of this section, "annual consumptive quantity" means the estimated or actual annual amount of water diverted pursuant to the water right, reduced by the estimated annual amount of return flows, averaged over the two years of greatest use within the most recent five-year period of continuous beneficial use of the water right. Before any transfer of such right to use water or change of the point of diversion of water or change of purpose of use can be made, any person having an interest in the transfer or change, shall file a written application therefor with the department, and the application shall not be granted until notice of the application is published as provided in RCW 90.03.280. If it shall appear that such transfer or such change may be made without injury or detriment to existing rights, the department shall issue to the applicant a certificate in duplicate granting the right for such transfer or for such change of point of diversion or of use. The certificate so issued shall be filed and be made a record with the department and the duplicate certificate issued to the applicant may be filed with the county auditor in like manner and with the same effect as provided in the original certificate or permit to divert water.

(2) If an application for change proposes to transfer water rights from one irrigation district to another, the department shall, before publication of notice, receive concurrence from each of the irrigation

districts that such transfer or change will not adversely affect the ability to deliver water to other landowners or impair the financial integrity of either of the districts.

- (3) A change in place of use by an individual water user or users of water provided by an irrigation district need only receive approval for the change from the board of directors of the district if the use of water continues within the irrigation district, and when water is provided by an irrigation entity that is a member of a board of joint control created under chapter 87.80 RCW, approval need only be received from the board of joint control if the use of water continues within the area of jurisdiction of the joint board and the change can be made without detriment or injury to existing rights.
- (4) The requirements of this section ((shall)) do not apply to trust water rights ((acquired by the state through the funding of water conservation projects under chapter 90.38 RCW or RCW 90.42.010 through 90.42.070)) established on a temporary basis under chapter 90.42 RCW unless such rights are transferred to another person.
- (5)(a) Pending applications for new water rights are not entitled to protection from impairment, injury, or detriment when an application relating to an existing surface or ground water right is considered.
- (b) Applications relating to existing surface or ground water rights may be processed and decisions on them rendered independently of processing and rendering decisions on pending applications for new water rights within the same source of supply without regard to the date of filing of the pending applications for new water rights.
- (c) Notwithstanding any other existing authority to process applications, including but not limited to the authority to process applications under WAC 173-152-050 as it existed on January 1, 2001, an application relating to an existing surface or ground water right may be processed ahead of a previously filed application relating to an existing right when sufficient information for a decision on the previously filed application is not available and the applicant for the previously filed application is sent written notice that explains what information is not available and informs the applicant that processing of the next application will begin. The previously filed application does not lose its priority date and if the information is provided by

the applicant within sixty days, the previously filed application shall be processed at that time. This subsection (5)(c) does not affect any other existing authority to process applications.

- (d) Nothing in this subsection (5) is intended to stop the processing of applications for new water rights.
- (6) No applicant for a change, transfer, or amendment of a water right may be required to give up any part of the applicant's valid water right or claim to a state agency, the trust water rights program, or to other persons as a condition of processing the application.
- (7) In revising the provisions of this section and adding provisions to this section by chapter 237, Laws of 2001, the legislature does not intend to imply legislative approval or disapproval of any existing administrative policy regarding, or any existing administrative or judicial interpretation of, the provisions of this section not expressly added or revised.

Sec. 14. RCW 90.44.100 and 1997 c 316 s 2 are each amended to read 17 as follows:

- (1) After an application to, and upon the issuance by the department of an amendment to the appropriate permit or certificate of ground water right, the holder of a valid right to withdraw public ground waters may, without losing the holder's priority of right, construct wells or other means of withdrawal at a new location in substitution for or in addition to those at the original location, or the holder may change the manner or the place of use of the water.
- (2) An amendment to construct replacement or a new additional well or wells at a location outside of the location of the original well or wells or to change the manner or place of use of the water shall be issued only after publication of notice of the application and findings as prescribed in the case of an original application. Such amendment shall be issued by the department only on the conditions that: (a) The additional or replacement well or wells shall tap the same body of public ground water as the original well or wells; (b) where a replacement well or wells is approved, the use of the original well or wells shall be properly decommissioned as required under chapter 18.104 RCW; (c) where an additional well or wells is constructed, the original well or wells

may continue to be used, but the combined total withdrawal from the original and additional well or wells shall not enlarge the right conveyed by the original permit or certificate; and (d) other existing rights shall not be impaired. The department may specify an approved manner of construction and shall require a showing of compliance with the terms of the amendment, as provided in RCW 90.44.080 in the case of an original permit.

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- (3) The construction of a replacement or new additional well or wells at the location of the original well or wells shall be allowed without application to the department for an amendment. However, the following apply to such a replacement or new additional well: (a) The well shall tap the same body of public ground water as the original well or wells; (b) if a replacement well is constructed, the use of the original well or wells shall be discontinued and the original well or wells shall be properly decommissioned as required under chapter 18.104 RCW; (c) if a new additional well is constructed, the original well or wells may continue to be used, but the combined total withdrawal from the original and additional well or wells shall not enlarge the right conveyed by the original water use permit or certificate; (d) the construction and use of the well shall not interfere with or impair water rights with an earlier date of priority than the water right or rights for the original well or wells; (e) the replacement or additional well shall be located no closer than the original well to a well it might interfere with; (f) the department may specify an approved manner of construction of the well; and (q) the department shall require a showing of compliance with the conditions of this subsection (3).
- (4) As used in this section, the "location of the original well or wells" is the area described as the point of withdrawal in the original public notice published for the application for the water right for the well.
- 32 (5) The requirements of this section do not apply to trust water
 33 rights established on a temporary basis under chapter 90.42 RCW unless
 34 such rights are transferred to another person.
- 35 <u>NEW SECTION.</u> **Sec. 15.** The following acts or parts of acts are 36 each repealed:

- 1 (1) RCW 90.38.005 (Findings--Purpose) and 1989 c 429 s 1;
- 2 (2) RCW 90.38.010 (Definitions) and 1989 c 429 s 2;
- 3 (3) RCW 90.38.020 (Acquisition or donation of trust water rights)
- 4 and 2002 c 329 s 7, 2001 c 237 s 28, & 1989 c 429 s 3;
- 5 (4) RCW 90.38.030 (Water conservation projects--Contracts for financial assistance) and 1989 c 429 s 4;
- 7 (5) RCW 90.38.040 (Trust water rights program) and 2001 c 237 s 29, 8 1994 c 264 s 90, & 1989 c 429 s 5;
 - (6) RCW 90.38.050 (Rules) and 1989 c 429 s 6;

- 10 (7) RCW 90.38.900 (Existing policies not replaced) and 1989 c 429 11 s 7;
- 12 (8) RCW 90.38.901 (Transfer of rights between irrigation districts 13 not intended) and 1989 c 429 s 8;
- 14 (9) RCW 90.38.902 (Existing rights not impaired) and 1989 c 429 s 15 9;
- 16 (10) RCW 90.42.010 (Findings--Intent) and 1998 c 245 s 173;
- 17 (11) RCW 90.42.030 (Contracts to finance water conservation 18 projects--Public benefits--Trust water rights) and 1993 c 98 s 2 & 1991 19 c 347 s 7;
- 20 (12) RCW 90.42.040 (Trust water rights program--Water right certificate--Notice of creation or modification) and 2002 c 329 s 8, 22 2001 c 237 s 30, 1993 c 98 s 3, & 1991 c 347 s 8;
- 23 (13) RCW 90.42.050 (Guidelines governing trust water rights--24 Submission of guidelines to joint select committee) and 1991 c 347 s 9;
- 25 (14) RCW 90.42.070 (Involuntary impairment of existing water rights 26 not authorized) and 1991 c 347 s 11; and
- 27 (15) RCW 90.42.080 (Trust water rights--Acquisition, donation, 28 exercise, and transfer--Appropriation required for expenditure of 29 funds) and 2002 c 329 s 9, 2001 c 237 s 31, 1993 c 98 s 4, & 1991 c 347 30 s 12.
- NEW SECTION. Sec. 16. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 17. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

ESHB 1317 - S COMM AMD

By Committee on Natural Resources, Energy & Water

On page 1, line 1 of the title, after "program;" strike the remainder of the title and insert "amending RCW 90.42.005, 90.42.020, 90.03.380, and 90.44.100; adding new sections to chapter 90.42 RCW; creating a new section; repealing RCW 90.38.005, 90.38.010, 90.38.020, 90.38.030, 90.38.040, 90.38.050, 90.38.900, 90.38.901, 90.38.902, 90.42.010, 90.42.030, 90.42.040, 90.42.050, 90.42.070, and 90.42.080; and declaring an emergency."

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